

SCHOOL DISTRICTS: SICK LEAVE ACCRUAL INFO NEEDED

All school districts are being asked to submit their current policies and/or master contract on sick leave accrual to PERSI. The information is needed so PERSI knows what caps and accrual rates are currently in place.

PERSI SPREADS THE WORD ABOUT MEDICARE PART D

While PERSI members may not be directly affected by Medicare changes, it could impact a spouse and/or parents. For this reason, PERSI dedicated its fall newsletters to the Medicare Part D prescription drug plan. By providing information to PERSI employers, we are hoping to arm you with enough facts to explain the program in simple terms to employees who ask about it, and to let you know about various sources where employees can get more detailed information.

Important Dates

October 2005: All beneficiaries will receive a *Medicare and You 2006* handbook covering the new drug plan. Beginning October 13, details about coverage options available in Idaho can be compared on the Medicare Web site at www.medicare.gov or by calling 800-633-4227. Making a list of the names of your current prescriptions, the dosage and frequency, and what you've been paying might help when comparing plans.

November 15, 2005: First open enrollment period begins. Enrollment is voluntary, but there will be a penalty in the form of a higher premium if you don't enroll by May 15, 2006. The penalty will be 1 percent of the base premium per month for every month you were eligible, but did not enroll. The penalty is in place for as long as you are enrolled in the program. ("Other Coverage" on the back explains the exception.)

December 31, 2005: The temporary Medicare drug discount program ends; however, the cards can continue to be used until May 15, 2006, or until the you have signed up for a Medicare drug plan and coverage begins.

January 1, 2006: Drug coverage begins for those enrolled by December 31, 2005.

May 15, 2006: First open enrollment period ends.

What Will This Coverage Cost?

Costs will vary by plan. However, for minimum standard coverage in 2006, the monthly premium is estimated at \$37. This is in addition to the premium currently being paid for Part B coverage. The annual deductible will be \$250, after which you will pay 25 percent of the cost of drugs and Medicare will pay 75 percent up to \$2,250 a year. You will be responsible for 100 percent of all drug costs thereafter, until you have spent \$3,600. If you have drug expenses exceeding this amount, catastrophic coverage kicks in so Medicare pays 95 percent of your drug costs and you pay the remaining 5 percent. (See chart on back.)

Which Drugs Are Covered?

Medicare prescription coverage will pay for brand name and generic drugs. It will cover drugs only available by prescription including biologicals, insulin, and insulin-related supplies such as syringes. Non-prescription drugs and those excluded by law are not covered, nor are drugs covered under Medicare Part A or B (typically involves drugs dispensed at your doctor's office or as part of outpatient services). Each plan will be required to provide more than one drug in each classification. For example, not every cholesterol-lowering medication will be available through every plan; however, each plan must offer at least two choices.

What if I Have Other Coverage?

This fall beneficiaries should receive a letter from their supplemental insurer explaining whether their current coverage is *at least as good* as the Part D coverage. Those who don't receive a letter should contact their insurer to find out about any changes. If you are presently covered by supplemental insurance with coverage at least as good as Part D and you do not enroll in the Medicare plan, you will not pay a penalty for waiting.

Standard Medicare Part D 2006 Costs

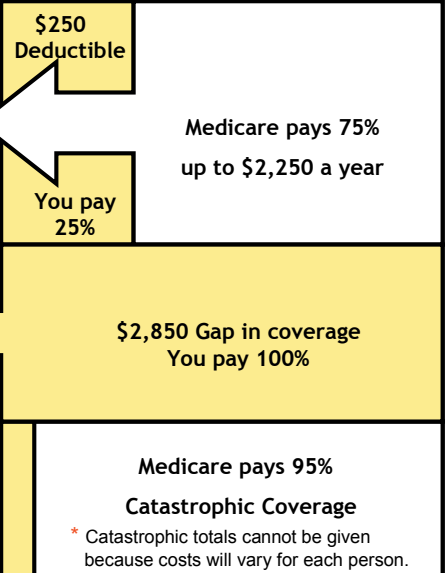
$\$2,250 - \$250 \text{ deductible} = \$2,000$
 $25\% \text{ of } \$2,000 = \500
 $\$500 + \$250 \text{ deductible} = \$750 \text{ out of your pocket}$

No coverage

$\$750 + \$2,850 \text{ Gap} = \$3,600 \text{ total out of pocket}$

$\$3,600 + \$450 \text{ premium} = \$4,050 \text{ total cost}$

Beginning of the year



+ /- \$450 average annual premium
(annual amount based on \$37 premium estimate)

What About Those With Limited Income?

Medicare will provide premium and cost-sharing subsidies to assist people with limited incomes. Those who receive Medicaid benefits or Supplemental Security Income (SSI) are automatically eligible for assistance. Others will have to meet both an income and asset test to qualify. You may qualify for assistance if your income is less than \$14,355 or \$19,245 for a married couple living together, and your assets are less than \$11,500 if single or \$23,000 if married and living with a spouse. Your home is not included in the asset test, but things like savings and stocks are included. (The income levels provided here are for 2005 and the asset amounts are for 2006.) If you have already received a notice from Medicare saying you automatically qualify for help, you do not need to complete any paperwork. If you have not been contacted, but think you qualify, call the Social Security Administration at 800-772-1213 for assistance in determining your eligibility and/or to obtain an application for assistance.

Things You Should Consider

Before making a decision, consider your situation. Do you have current health insurance coverage? Does it include prescription drugs? Will that plan be changing? Will it benefit you to keep existing coverage? If you drop current coverage, will it be difficult or impossible to get it back? What are your current costs for prescription drugs? What

happens if you don't enroll this time around? Are you eligible for assistance?

To Learn More

If employees inquire about the new drug plan, you can refer them to the following sources:

- Medicare at www.medicare.gov or by calling toll-free 800-633-4227
- AARP at www.aarp.org
- The Social Security Administration at www.ssa.gov
- Centers for Medicare and Medicaid Services at www.cms.hhs.gov

A great local resource is the Senior Health Insurance Benefits Advisors (SHIBA) at the Idaho Department of Insurance: Boise 334-4353, Coeur d'Alene 666-6847, Twin Falls 736-4713, Pocatello 236-6044.

Notes

PERSI financial supervisor Debbie Buck has achieved Certified Government Financial Manager status. This designation required her to have two years of professional-level experience in government financial management, to complete coursework, and to pass multiple exams. The program is sponsored by the Association of Government Accountants. PERSI congratulates Debbie on her success.